

Name: _____

County: _____

Date: _____

PERSONAL PROPERTY AND FIXTURES
SELF-STUDY TRAINING SESSION

REVIEW QUESTIONS

Chapter 1

1. Which of the following is not true of taxable property?
 - ☐ All property is taxable and shall be assessed at the same percentage of fair market value.
 - ☐ All property is taxable unless it is exempt by the Constitution or statutes.
 - ☐ Both real property and personal property are taxable property.
 - ☐ Only real property and fixtures are taxable property.

2. Of the following, which is not one of the definitions of real property?
 - ☐ Real property is specifically defined by law as real estate.
 - ☐ Real property is the possession of, claim to, ownership of, or right to the possession of land.
 - ☐ All standing timber only if it belongs to the owner of the land, and all privileges appertaining thereto.
 - ☐ All mines, minerals, and quarries in the lands.

3. Personal property is all property except real estate.
 - ☐ True
 - ☐ False

4. Which of the following personal property is exempt by the Legislature from property tax?

☐ Personal household furnishings

☐ Business inventories

☐ Pets

☐ All of the above

5. Give a short description of each of the following factors of an assessment.

Assessability _____

Assessee _____

Situs _____

Description _____

Classification _____

Security _____

Value _____

6. Personal property is assessable only if taxable on the lien date (January 1). Ownership on the lien date determines the taxability, situs, and assessee of the property.

☐ True

☐ False

7. Match the following by definition.

_____ All property except real property that may be seen, weighed, measured, felt, or touched.

1. Crossing-Securing

_____ One who is in control but is not the legal owner.

2. Assessee

_____ Upon assessee request, personal property at a different location may also be secured to real property.

3. Tangible Personal Property

Chapter 2

8. All property listed on the roll must be classified as

☐ Land and personal property

☐ Improvements

☐ Possessory interests or other classes of property defined by the State Board of Equalization

☐ All of the above

9. Both structure items and fixtures are improvements; they are not taxed separately. However, they are treated differently and separately for valuation purposes.

☐ True

☐ False

10. A _____ is an item of tangible property, the nature of which was originally personalty, but which is classified as realty for property tax purposes because it is physically or constructively annexed to realty with the intent that it remain annexed indefinitely.
11. The term "affixed to land" is the key to which of the following tests.
- ☐ Physical annexation
 - ☐ Constructive annexation
 - ☐ Intent
12. Which of the following is not an example of a property classified as a fixture due to constructive annexation?
- ☐ Head sets and stools specially designed for use with affixed central telephone office equipment.
 - ☐ Movable structures anchored to realty by the force of gravity.
 - ☐ Pumps of a size they are not easily moved and from outward appearances, to third parties, appear to be permanent.
 - ☐ Cement on the front entrance of a building.
13. _____ are items that are used in the normal operation of a business and are not intended for sale or lease on the lien date.
14. Briefly describe at least one of the reasons to sub-classify improvements as structure or fixture. _____

15. Which of the following personal property is not assessable?
- ☐ Business inventory
 - ☐ Licensed vehicles
 - ☐ Both of the above

16. Which of the following are examples of exempt inventory when they are sold with a product?
- ☐ Price tags
 - ☐ Cash register tapes
 - ☐ Packaging boxes
 - ☐ All of the above
17. _____ includes all items of personalty that become part of or are themselves a product that is held for sale or lease in the ordinary course of business.
18. Which of the following is not qualified for the business inventory exemption?
- ☐ Sand and gravel held by a licensed contractor for incorporation into a bridge or roadbed.
 - ☐ Construction equipment that was previously used by a farmer or contractor and is consigned to an auctioneer for sale.
 - ☐ A salesperson's sample and demonstration equipment.
 - ☐ Tools, molds, dies, or jigs held for use.
19. Goods transferred in the rendition of a "professional service" are not eligible for the business inventory exemption, while goods transferred in the rendition of a "nonprofessional service" are eligible.
- ☐ True
 - ☐ False
20. Vehicles, vessels, aircraft, and manufactured homes not on permanent foundations are classified as personal property.
- ☐ True
 - ☐ False

Chapter 3

21. On the lien date, property with a tax situs in California is assessable in California; property with a tax situs outside of California, almost without exception, is not assessable in California.
- ☐ True
- ☐ False
22. Property which is normally located in a taxing jurisdiction, moved on the lien date, and then immediately moved back will avoid taxation at that situs.
- ☐ True
- ☐ False
23. Which of the following is true regarding movable property?
- ☐ It has situs where located on the lien date if it has been there for more than 6 to 12 months immediately preceding the lien date and facts indicate it will return for a substantial period during the 12 months immediately succeeding the lien date.
- ☐ It has been in the county less than 6 of the 12 months immediately preceding the lien date, but is committed to use in the county for an indeterminate period or more than 6 months, has situs there regardless of whether the use extends through or commences with the lien date.
- ☐ If it is in transit on the lien date, it may affect the property's assessable situs.
- ☐ If it does not have a permanent situs on the lien date, it has assessable situs at the location where it is normally returned between leases.
- ☐ All of the above.
24. Which of the following is not true of California?
- ☐ Apportionment applies only where property has a tax situs in more than one state
- ☐ Transitory contact with other states does not establish tax situs even though the visits may be annual.

☐ An assessee contending that some portion of property is not taxable by the state of domicile has the burden of proving by sufficient evidence that situs has been established elsewhere.

☐ When property has situs in California but has its permanent or primary situs in another state or country, it is not taxable in California because it has permanent situs in another state.

25. Property in transit on the lien date, to or from interstate or foreign destinations, is exempt from taxation.

☐ True

☐ False

26. Which of the following is not true?

☐ Situs of linens must be determined based on the type and length of the lease involved. If linens are rented on a short-term basis (6 months or less) they are assessed at the location where they are returned for cleaning; and if the linens are rented on a long-term basis (6 months or more), they attain a situs at the lessee's location.

☐ Vending machines are more or less permanently situated at various locations, and have situs where they are located on the lien date.

☐ Returnable containers for soft drink beverages shall be assessed only to the person in possession on the lien date. Situs of this type of returnable container is the location to which they are returned for reprocessing or refilling.

☐ Propane tanks used for fuel storage are refilled at the respective locations and remain there for considerable periods. Situs for assessment purposes is the place where they are located on the lien date.

27. A document vessel is defined as _____

Chapter 4

28. Under which of the following conditions is the use of the cost approach preferred?

- ☐ No reliable sales data are available
- ☐ No reliable income data are available for the property being valued
- ☐ The income of the property being valued is not so regulated as to make current replacement costs irrelevant to value.
- ☐ All of the above.

29. The three variations of the cost approach are reproduction cost, replacement cost, and historical cost.

- ☐ True
- ☐ False

30. Briefly describe the difference between booked cost versus acquisition cost.

31. Match the following

- | | |
|---|-----------------|
| _____ Total cost of the property when it was originally constructed or purchased | 1. Reproduction |
| _____ The cost to replace an existing property with a property of equivalent utility as of a particular date. | 2. Replacement |
| _____ The cost to replace an existing property with an identical property. | 3. Historical |

32. Of the following, which is not one of the direct costs for self-constructed equipment?

- ☐ Labor used in construction
- ☐ Legal fees
- ☐ Material storage facilities (on site)
- ☐ Sub-contractor's fees

33. Sales tax, freight, and trade-in allowances are considered indirect costs for purchased equipment.

- ☐ True
- ☐ False

34. An assessor should determine whether the purchase price accurately represents market value at the time of acquisition. Briefly describe three example of a price that is not a good indicator of value.

1. _____

2. _____

3. _____

35. In case of trade-in allowance, an appraiser must add back any trade-in allowances subtracted from the purchase price or book cost as part of the price paid for the property.

- ☐ True
- ☐ False

36. Which of the following adjustments are included in full economic cost?

- ☐ Energy tax credit
- ☐ Liquidated damages
- ☐ Income tax credit
- ☐ All of the above
- ☐ None of the above

37. Sales tax on materials of self-manufactured assets should be included in the final calculation of the book cost as a trade level factor.

- ☐ True
- ☐ False

38. Match the following by definition:

- | | |
|---|----------------------------|
| — Loss of value in property caused by the design of the property; when the capacity of a property to perform the function for which it was intended declines. | 1. Physical deterioration |
| — Loss in value resulting from adverse factors external to the property that decreases the desirability of the property. | 2. Functional obsolescence |
| — Loss in value which may be the result of wear and tear either from use or exposure to various elements. | 3. External obsolescence |

39. The comparative sales approach is limited in its application to personal property and business fixture because:

- ☐ In many cases, personal property and business fixtures are not sold without affecting other property.
- ☐ Sales data, when available, are generally limited by comparability.
- ☐ Most types of personal property and business fixtures are resold infrequently (limited sales data are available).
- ☐ All of the above

40. The income approach has limited application to personal property and fixtures because it is often extremely difficult to attribute an income stream directly to individual items of personal property and fixtures.
- ☐ True
- ☐ False
41. Of the following, which is not one of the components that make up the value of personal property?
- ☐ Cost of manufacturing the item
- ☐ Cost of transportation and installation of the item
- ☐ Sales tax or use tax component
- ☐ Cost of postage, shipping box, and wrapping if the item is mailed

Chapter 5

42. Building improvements made by the real property owner are referred to as _____.
43. Fixtures are treated differently than real property for supplemental roll purposes when the fixtures are a separate appraisal unit from a structure.
- ☐ True
- ☐ False
44. Trade fixtures are specific types of fixtures and therefore do not fall under the three-part test of Property Tax Rule 122.5.
- ☐ True
- ☐ False

45. Land and improvements are an example of an appraisal unit because improvements are typically bought and sold with land.

☐ True

☐ False

46. The combined total value of personal property and fixtures should be _____ or more in order to qualify for mandatory audit.

47. The base year value can be adjusted for the effects of inflation up to a maximum of what percent per year based on the California Consumer Price Index?

☐ 1

☐ 1.5

☐ 1.99

☐ 2

48. Which of the following would be considered new construction?

☐ Normal maintenance and repair

☐ Replacement of underground storage tanks after September 7, 1999.

☐ Rehabilitation of a fixture that converts the fixture to the substantial equivalent of new

☐ All of the above

49. Improvements installed by a tenant, but left at a vacant rental space are called _____.

50. Internal procedures in an assessor's office should be designed to ensure that all landlord improvements and leasehold improvements are:

1. _____

2. _____

3. _____

4. _____
